GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:93
ANSWERED ON:19.07.2002
FOREIGN BANKS
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

(a) whether RBI has issued guidelines to foreign banks to expand their operations in the country;

(b) if so, the details thereof;

(c) whether foreign banks are allowed to take over branches of other commercial banks which have become dormant;

(d) if so, the number of such branches for which RBI has granted permission to foreign banks to operate; and

(e) the steps taken by RBI to ensure that branches of banks in rural areas are not closed ?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a),(b),(c),(d)&(e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a),(b),(c),(d) AND

(e) OF LOK SABHA STARRED QUESTION NO.93 FOR 19TH JULY, 2002 REGARDING FOREIGN BANKS BY SHRI BRAHMANAIAH.

(a): No, Sir.

(b): Does not arise.

(c) & (d): There is no bas on foreign banks to take over the branches of other commercial banks on mutually agreed terms. This however requires prior permission from Reserve Bank of India (RBI).However, no foreign banks has approached RBI so far for permission in this regard.

(e): Closure of rural branches can be done only with prior permission of RBI. As per RBI`s instructions closure of loss making branches at rural centres having a single commercial bank branch is not permitted. At centres served by two branches of commercial banks (excluding branches of Regional Rural Banks) the decision for closure of one of the branches maybe taken by the concerned banks by mutual consultations with the prior permission of the RBI.